

FAR EAST-AMERICA COUNCIL  
OF  
COMMERCE AND INDUSTRY, INC.

U 28860

30 ROCKEFELLER PLAZA • NEW YORK 20, N. Y.

TELEPHONE: COLUMBUS 5-6375

NOT FOR RELEASE  
BEFORE 5:00 P.M.  
THURSDAY OCTOBER 8TH

ADDRESS GIVEN BY H. E. THE AMBASSADOR OF THAILAND

MR. POTE SARASIN

AT THE SOUTHEAST ASIA SESSION OF THE FAR EAST CONFERENCE  
OF THE FAR EAST-AMERICA COUNCIL OF COMMERCE AND INDUSTRY, INC.

ON THURSDAY AFTERNOON OCTOBER 8TH, 1953

IN THE WALDORF-ASTORIA HOTEL

NEW YORK CITY

"THAILAND'S ECONOMIC CONDITIONS AND PROSPECTS

CPYRGHT

It seems to me that when I appear before the Far East America Council of Commerce and Industry, I should speak on the subject pertaining to commerce and industry or in another word economic generally. But at the present time one cannot open one's mouth without touching upon political question, and after all without political stability economic development and progress cannot proceed in its normal course. It is particularly true of all countries no less in Asia as those in Europe. However, I shall try to be very brief.

Since I had the honour to address this Council a year ago, many important events have taken place. We have the conclusion of the Armistice Agreement in Korea. After three years' fighting

## CPYRGHT

and two years' negotiation and for all intent and purpose for the time being, fighting has come to an end. We now look forward to a successful conclusion of the main objective, and that is the final peace agreement and the permanent settlement of Korean question. As you know, Thailand has made her contribution in this united effort. We have suffered no less than 900 casualties and for economic assistance for that unfortunate country our contributions have not been small. After the United States and Great Britain Thailand ranked third.

While we rejoice at the conclusion of the Armistice and looking forward to the peace Agreement, the beginning has not looked very bright. Many weeks have passed and still there are political manouvers on the side of the communists even on the question of who will participate in the conference, let alone the main subject, and more difficult subject, that is, how to bring about an agreement. We do not know what is behind the communist mind because we are seldom told. But with the tactics that they are now using, it seems that the eagerness for peace settlement is still lacking on their side.

Over five months ago there was another overt act of aggression in Southeast Asia, I refer to Indochina by the Vietminh, which invaded the country of Laos and as suddenly as their invasion they also withdrew but this withdrawal cannot be interpreted as the abandonment of their aims because there is still left behind military forces as well as political agents. This action is of the same type of aggression which aimed at the domination

- 3 -

CPYRGHT

of the free countries in Southeast Asia. There exist in the mainland some over 70 million people and the vast resources of raw material are incalculable advantages to the communists if these countries are to fall under communist control. In this connection, my country is happy to learn that the United States is giving assistance to the three Associate States of Vietnam, Laos and Cambodia and France as well as to my own country the necessary equipment and material in order to meet with any new aggression.

I will now come back to the subject which I propose to speak to-day on Thailand's economic conditions and prospects. Thailand occupies a strategic position in Southeast Asia, having as her neighbour Indochina which is now composed of Vietnam, Laos, and Cambodia, the three Associate States within the French Union, on the East and Northeast, Burma on the West and Northwest and British Malaya on the South. The basic economy of Thailand is agriculture, about 80% of the people being engaged in agriculture. Our population of 18 million is not large relative to the area of just over 200,000 square miles. The problem of density of people on the land has not until now been serious partly because of comparatively bountiful nature and perhaps partly because the rate of increase of population has been in the neighbourhood of only  $1\frac{1}{2}\%$  per year. The important problem is the promotion of higher standard of living since the present per capita income in Thailand is only about \$100 a year which is only approximately

- 4 -

## CPYRGHT

5% of the per capita income in the United States. Some of us may think it does not matter if one's income is low provided one's wants are few, but that is the question which I think is best left to the philosophers.

The most important ingredient in the cure for low productivity is perhaps capital both in the form of technical knowledge and capital equipment. A great deal has been said as well as written by many experts about the mobilization of domestic capital in under-developed countries. The advises given by these experts are no doubt very sound, but what is often overlooked is the fact that a country with the low standard of living is generally caught in a vicious circle. Increased productivity is difficult to achieve without capital. Capital comes from savings, but savings are difficult to accumulate where incomes are low and the fruits of production are barely enough for daily consumption. That is why breaking this vicious circle is such a long and painful process without assistance from outside. Capital from external source is often difficult to obtain because investors naturally prefer places where their investments are safe as well as profitable. Thailand has been fortunate in this respect. Her credit standing has always been good. Our currency is strong and we are still among the very few countries that allow free exchange. It was perhaps due to a high degree of creditworthiness that Thailand was the first country in the Far East to obtain loan from the International Bank for Reconstruction and Development, better known as the World Bank. But we need more and more

- 5 -

## CPYRGHT

capital in order to help raise productivity. We need more and better roads, better railways, better telegraph and telephone, more power, better irrigation facilities and so on and so forth. The end result of all this will perhaps be that our life becomes more complicated and we shall all probably become highly skilled technicians with highly strung nerves, and a lot of ulcers. But, I gather, that is one of the marks of civilized living.

One of our economic problems is to diversify the economy so that we are not too dependent on any one particular commodity. Our biggest export items have been and still are rice, rubber, tin and teak, the four together constitute about 90% of the total volume of exports. I suppose that you all know of the rice bowl in Asia which position Thailand now occupies, for we are exporting large quantities to the deficit areas of Asia. With good income from farming, rice acreage in the postwar years expands rapidly. It was estimated that the volume of rice production in 1952 was 60% higher than the prewar average and this year's crop should even be higher by 8 or 9%.

The position of our two next most important resources of wealth is, I think, rather serious. I refer to rubber and tin, the prices of which have declined steadily from the peak during the Korean War. I confess I do not know how we by ourselves can overcome the difficulty facing the tin and rubber industries. The problem is an international one and it will surely need international action to solve it and provide stability for these two highly unstable products. The other country which is also seriously effected is Malaya with her high production of tin and rubber.

## CPYRGHT

The fourth largest item of Thailand's export is teak. Before the War, this commodity constituted up to 4% of the total export. This percentage has fallen since after the war and in 1952 stood at 2%. This however has been largely due to increase of home consumption and does not signify a serious condition of the industry. It is largely due to these four commodities that Thailand's balance of payment position has always been strong. With the trade surplus thus earned we have been able to accumulate a fair amount of exchange reserve and also pay for some of the imported goods which are needed for the development of the country. The present is the first time in years, however, that we are faced with a declining trade surplus, although the decline is not expected to deteriorate into a deficit. Our monetary and financial policies have, generally speaking, been conservative and I have no doubt the situation can be corrected with proper adjustment in those policies.

Thailand has a natural dependence on the sterling area for our external trade. This is due to the fact that rice normally constitutes over 50% of our export and most of the rice deficit areas are in the sterling group.

In the postwar years, however, the trade with the United States has increased considerably. This has been due to the United States Government's buying policy in regard to rubber and tin and also due to the special position of the United States as a supplier of capital equipment after the war. It is doubtful if

## CPYRGHT

this situation will continue in the coming year in view of the unfavorable outlook for tin and rubber and also the increasing importance of European countries as manufacturers of capital equipment.

I cannot close this short description of Thailand's economy without mentioning the important part played by the United States' Aid Programme under the Mutual Security Agency, now Foreign Operation Administration, although the size of aid in term of money is not large, the effect of the aid is, I think, far reaching. I refer particularly to the technical Assistance Programme which has financed the training in the United States of close to 300 young men and women from Thailand. The training has been in public health, agriculture, transportation, communication and public works, manufacturing and education. At the beginning of my talk I referred to capital in the form of technical knowledge and capital equipment, the technical knowledge, or to put it in another way, human capital is far more important because machines can only be made by men and they will not run without men to attend them. The technical assistance given to us by the United States Government has been instrumental in bringing up our store of human capital and I have great hope that this store will rapidly expand. The form of assistance given to us is much appreciated by the Government and the people. Never before in history has any country with abundance of technical knowledge so unselfishly given out and shared with those who are less fortunate. When we are adequately equipped with men and materials, we can eventually increase production and thus decrease poverty and diseases. That, I think, is an important element in our collective fight for a free world.